

**From:** [Lee, Raymond C. \(OCII\)](#)  
**To:** [Bohee, Tiffany \(OCII\)](#); [Kaslofsky, Thor \(OCII\)](#)  
**Cc:** [Oerth, Sally \(OCII\)](#); [Bridges, George \(OCII\)](#)  
**Subject:** RE: Payroll for Astron Block 50 and Block 54  
**Date:** Tuesday, July 08, 2014 5:25:05 PM

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According to Derf, Astron received a working capital loan of \$200,000 about six months ago. We suspect the full amount is outstanding but Deft is checking with the lender to confirm the amount outstanding and whether payments are past due just to be sure. Derf also stated that his firm was purposely kept away from this issue because RO's payroll advances were a direct arrangement between RO and Astron. We're still trying to nail down people's availability for a meeting this Thursday and I'll provide updates as I learn them.

Ray

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**From:** Bohee, Tiffany (OCII)  
**Sent:** Thursday, July 03, 2014 4:20 PM  
**To:** Kaslofsky, Thor (OCII)  
**Cc:** Lee, Raymond C. (OCII); Oerth, Sally (OCII)  
**Subject:** Re: Payroll for Astron Block 50 and Block 54

I thought Lennar's Construction Assistance Program includes cash flow help for contractors via a partnership with a bank? This is what Derf Butler stated at the Commission's hearing on Blocks 50 and 51 contracting and hiring status.

Why isn't Lennar and the CAP office involved in helping to find a resolution to this?

Tiffany Bohee

On Jul 3, 2014, at 3:47 PM, "Kaslofsky, Thor (OCII)" <[thor.kaslofsky@sfgov.org](mailto:thor.kaslofsky@sfgov.org)> wrote:

Ray,

Can you reach out to Danny and tell him we would like to sit down with him and RO immediately to understand this situation better. Maybe Monday sometime in the afternoon. There has been long standing tension with this subcontractor with RO floating payroll.

Best regards,  
Thor

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Thor Kaslofsky  
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Office of Community Investment and Infrastructure  
(successor to the Redevelopment Agency)  
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Developer's website: <http://thesfshipyard.com/>  
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**From:** Lee, Raymond C. (OCII)  
**Sent:** Thursday, July 03, 2014 2:42 PM  
**To:** Bohee, Tiffany (OCII)  
**Cc:** Kaslofsky, Thor (OCII)  
**Subject:** FW: Payroll for Astron Block 50 and Block 54

Tiffany,

Based on your comments this morning about being apprised of situations in the Bayview Hunters Point area, the following is an email I just received. It looks like there's an escalated situation between Roberts-Obayashi (RO) and its subcontractor, Astron (a minority-owned firm) in regard to Astron's performance and payroll on HPS Block 50. Roberts-Obayashi has been advancing funds to Astron to assist Astron with their cash flow, but the sum of the advances currently exceeds Astron's contract value. We have not heard from Lennar yet but will keep you apprised.

Ray

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**From:** Gina Sakamoto [<mailto:gina@jerocorp.com>]  
**Sent:** Thursday, July 03, 2014 1:49 PM  
**To:** Lee, Raymond C. (OCII); Nim, Ken  
**Cc:** Bridges, George (OCII); Jackson, Prentiss (MYR)  
**Subject:** FW: Payroll for Astron Block 50 and Block 54

Ken and Ray,

I know George was cc'd on the last email but wanted to keep you all in the loop with Astron on Block 50. AS of today we will no longer be funding payroll for Astron, they have been overpaid, their CPR's are incorrect and we can no longer carry their funds.

Thank you,

**Gina Sakamoto** | Contract Compliance

**James E. Roberts-Obayashi Corp.** | 20 Oak Court, Danville, CA 94526

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**From:** [clyde.miller@astrondevelopmentcorp.com](mailto:clyde.miller@astrondevelopmentcorp.com)  
[<mailto:clyde.miller@astrondevelopmentcorp.com>]  
**Sent:** Thursday, July 3, 2014 8:55 AM  
**To:** Scott Smith  
**Cc:** kraig debro; Bonnie Enderlein; Tim Clark; Keith Ulinger; Shawn Perkins;  
[george.bridges@sfgov.org](mailto:george.bridges@sfgov.org)  
**Subject:** RE: Payroll

Scott,

I agree with your assessment about your Monday email and our Tuesday phone call. However, we were looking for clarification on Block 50 payroll. When you responded on Wednesday, it was only with your version of details of the accounting. You did not give us a yes, or a no on continued payroll funding for Block 50. Certainly nothing as clear as the message you delivered this morning.

Please put your emotions in your back pocket. So far you have accused me of promising things I can't deliver, fist pounding and playing games. And now you say you don't trust Kraig, either?! He stood up to me (at the risk of his own job) for months trying to convince me that I should cooperate with you more!

I'm sorry you *feel* that way but deciding, on the morning that payroll is due, (or even a day before) that you will no longer continue an agreement that has been in place for nearly 7 months is bound to have dire consequences for this project. Please reconsider.

Clyde Miller  
Vice President  
Astron Development Corp.  
[clyde.miller@astrondevelopmentcorp.com](mailto:clyde.miller@astrondevelopmentcorp.com)  
(510) 501-0356

----- Original Message -----

Subject: RE: Payroll

From: Scott Smith <[Scott@jerocorp.com](mailto:Scott@jerocorp.com)>

Date: Thu, July 03, 2014 8:19 am

To: "[clyde.miller@astrondevelopmentcorp.com](mailto:clyde.miller@astrondevelopmentcorp.com)"

<[clyde.miller@astrondevelopmentcorp.com](mailto:clyde.miller@astrondevelopmentcorp.com)>

Cc: kraig debro <[kdebro@astrondevelopmentcorp.com](mailto:kdebro@astrondevelopmentcorp.com)>, Bonnie Enderlein

<[bonnie@jerocorp.com](mailto:bonnie@jerocorp.com)>, Tim Clark <[timc@jerocorp.com](mailto:timc@jerocorp.com)>, Keith Ulinger

<[keithu@jerocorp.com](mailto:keithu@jerocorp.com)>, Shawn Perkins

<[Shawn.Perkins@lennar.com](mailto:Shawn.Perkins@lennar.com)> ,

"[george.bridges@sfgov.org](mailto:george.bridges@sfgov.org)" <[george.bridges@sfgov.org](mailto:george.bridges@sfgov.org)>

Clyde,

I need you to quite playing games with me. You called Tuesday evening to ask about additional funding because of my e-mail saying that you would need to self-fund from here out. You asked me to reconsider and I said I would check the status with Neil and the account balance with Bonnie. What I found out was that you have been significantly overpaid and are still far from complete. I reported this to you in an e-mail yesterday morning at 6:48 am with a full breakdown of expenses paid to date so don't tell me you haven't heard back from me (I assume the e-mail was not included in your response because others have been blind copied). I have lost all trust for you and Kraig and from here out all communication will be in writing. You have continued to make

empty promises and now have put us in a huge financial situation that I need to understand how you will cover.

Just adding up what you have been paid and the suppliers you have yet to pay for April, May, and June you have exceeded your contract amount. In addition there is over \$210,225 of R/O expense to supplement your crews to fix errors, install windows, and start siding work. Finally the siding has just started and we anticipate will cost at least \$170,000 to complete.

You were just given a check for \$70,588 so don't tell me you have no money to pay your guys.

I WANT TO BE VERY CLEAR – THERE WILL BE NO ADDITIONAL FUNDING OF ASTRON DEVELOPMENT ON BLOCK 50 OR 54.

If you cannot complete block 50 and will not be able to handle your contractual obligations on Block 54 I need to know right now so we can start the contract termination process.

AGAIN, WE WILL NEED FULL REIMBURSEMENT FOR THE OVERUNS ON BLOCK 50 AND NEED TO KNOW HOW YOU INTEND TO COVER THIS.

**Scott Smith** | President

**James E. Roberts-Obayashi Corp.** | 20 Oak Court, Danville, CA 94526

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**From:** [clyde.miller@astrondevelopmentcorp.com](mailto:clyde.miller@astrondevelopmentcorp.com)  
[<mailto:clyde.miller@astrondevelopmentcorp.com>]

**Sent:** Wednesday, July 02, 2014 6:34 PM

**To:** Scott Smith

**Cc:** kraig debro

**Subject:** Payroll

Scott,

I am reviewing the email you sent this morning. I understand you are upset. I don't understand why don't seem to think we also have reason to be upset.

Earlier this week, we sought clarification on the payroll check. Since December 16th RO has been providing us with a payroll check and then deducting what is owed out of the draw. This week you indicated RO might no longer be willing to continue this practice. During a phone conversation, I asked you to continue, and you said you would let me know. Well, its Thursday night and I don't have an answer.

We are doing everything in our power to finish this job. As many as 15

workers were out on the site last Saturday working on both Block's 50 and 54. We cannot afford the \$30,000 plus payroll. I still need your continued support to make this happen.

Thanks,

Clyde Miller  
Vice President  
Astron Development Corp.  
[clyde.miller@astrondevelopmentcorp.com](mailto:clyde.miller@astrondevelopmentcorp.com)  
(510) 501-0356